

Partner profile - Ajiwika

Ajiwika is a microfinance institution (MFI) based in Jharkhand, an impoverished state with a high tribal population. Ajiwika is committed to reaching out to marginalised rural areas that are largely ignored by other MFIs. It delivers client-friendly services, with a management team comprised of almost all local Jharkhand residents. Ajiwika is currently serving more than 15,000 clients throughout Jharkhand and Bihar.

Ajiwika was established in 2006 as the microfinance program of NEEDS (Network for Development Support), an NGO that works in Bihar and Jharkhand to develop community support systems, livelihood training and entrepreneurship development.

Ajiwika works primarily in the marginalised tribal regions of Jharkhand and Bihar, where access to financial services is scarce and the potential to help underserved populations is high.

Staff and structure

Mr. Tanay Chakravarty, CEO of Ajiwika, has guided the MFI since its inception. Mr Chakravarty was previously the Director and Founding President of NEEDS. His entrepreneurial leadership style has helped Ajiwika achieve steady growth.

Ajiwika is in the process of transferring its loan portfolio to a newly acquired NBFC (Non Banking Financial Company), a structure which improves access to funding, including bank finance, thereby facilitating outreach to more potential clients.

Geographic and client focus

Ajiwika operates in eight out of Jharkhand's 24 districts and two districts of Bihar. In the future, Ajiwika aims to deepen its outreach within its existing operational areas.

Jharkhand is home to 32 tribes, four of which are classified as primitive tribal groups, meaning they have a declining or stagnant population and are the poorest of the tribes.



Source: Multimap

Jharkhand ranks 20th out of 21 states listed on the Multidimensional Poverty Index with 77% of the population—23.5 million people—classified as poor. The state has over 30% illiteracy, the fourth lowest literacy rate in India. Poverty is more severe in rural areas of the state, where healthcare and education services are in short supply.

While Jharkhand is renowned for its plentiful natural resources, mining has displaced many communities, particularly tribes. This displacement has left many families with limited opportunities to earn a stable income.



Geeta, a rice farmer and Ajiwika client.



A small loan can help a woman to establish a small trading business.

All of Ajiwika's clients are women, most of whom use their loans to start or expand trading, animal husbandry or agriculture businesses.

Products and services

Ajiwika applies the Grameen methodology, organising clients into joint liability groups of five members, who form centres of 15-30 members.

Ajiwika currently has four loan products, three of which are in pilot stage. One of the pilot loans specifically targets the ultra poor and offers small loans of Rs.2,000-4,000 (A\$40-80).

Most loans have a term of 12 months and range between Rs.4,000-45,000 (A\$80-901), depending on the loan cycle.

Ajiwika is currently piloting a product with the Santhal tribe, the largest tribal community in India. The loan is designed to correlate to the tribe's traditional community guarantee system, organised by the tribal



Sources: Ajiwika, India Census 2001 and 2011, NFHS, NSS, World Bank, Oxford Poverty and Human Development Initiative (OPHI)

¹Exchange rate used is A\$1:Rs.49.9384

***Operational sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program.

****Portfolio at risk (PAR)** is a stringent measure of an MFI's loan portfolio quality. It calculates the total value of outstanding loan balances for loans with at least one payment being overdue by more than 30 days. PAR is used to highlight potential future repayment problems.

"Create impact on poverty by increasing access to livelihood opportunities for the marginalised."

Ajiwika's mission statement

headman. This system ensures that credit is supplied within a well-established community framework, gaining the trust of clients and encouraging good repayments.

Ajiwika's association with NEEDS means that Ajiwika clients have access to support services such as training and NEEDS' livelihood enhancement mission. NEEDS also has several programs designed to improve health, sanitation and environmental conservation in local communities.

Investment management

Opportunity International Australia and our subsidiary in India, Dia Vikas Capital, manage our investment in Ajiwika in several ways. A Dia Vikas staff member is appointed as Relationship Manager with Ajiwika, providing a primary point of contact for all communication between the two parties. A Dia Vikas staff member also sits on the Board of Ajiwika, ensuring the partner remains committed to its social mission, achieves good governance and is well placed for future expansion. Opportunity and Dia Vikas staff frequently visit Ajiwika and we receive detailed monthly operational and financial reporting.

Performance indicators	December 2011
Active borrowers	15,350
Outstanding loan portfolio (A\$000) ¹	1,482
Number of branches	16
Operational sustainability*	90%
PAR** > 30 days	2.92%